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New search engine goes commercial

By Jeff Peline
Staff Writer, CNET NEWS.COM
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Idealab, entrepreneur Bill Gross's well-known incubator for Internet start-ups, on Saturday is expected to jump into the search-engine business with Goto.com, which will take on the likes of Yahoo and Excite with a decidedly commercial approach.

Company executives declined to comment. But information about Goto.com--and its pay-for-placement approach--already is posted on the Web. People who are selling ads for the site told CNET's NEWS.COM that a formal launch was expected on Saturday, when Gross makes a presentation to a technology conference in Monterey, California, dubbed T.E.D. (Technology Entertainment Design).

According to the Web site, idealab bought the search engine technology last year and renamed it "Goto." It was designed by Oliver McBryan, a computer scientist at the University of Colorado. "The Goto team is committed to building on McBryan's pioneering work by making Goto one of the world's finest search engines," the site reads.

It shares capital resources with idealab, a group of 26 companies including CitySearch, eToys.com, and Shopping.com. Idealab's investors include Goldman Sachs, AT&T, and Moore Capital, among others.

So what makes Goto different than other search engines? According to those familiar with the plan, it ranks Web sites based on how much the sites are willing to pay to be placed at the top of the search, rather than based on keyword density or some other mathematical formula. In essence, this approach means those who pay the most to advertise get the highest placement.

Cynics are bound to complain that the strategy

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Cynics are bound to complain that the strategy is too commercial, undercutting the Web's power as a useful reference source, like a library.

But those who are selling ads for Goto.com counter that it is highly useful to consumers: They get the sites they might want to do business with, just like the yellow pages in the telephone book. In addition, they say that wording on Goto will clearly indicate this commercial approach.

Users also will be referred to results from the Goto searches that are ranked based on editorial content, not ads. According to the Web site, Goto features a search bar and categories for people, places, products, hobbies, and searches.

Although some consumers may balk at the idea, advertisers are sure to like it because it creates the potential for more targeted advertising on the Web--a key to sustained profitability for many Internet companies.

A sample of Goto's strategy is provided on a secret URL on the site. It indicates that advertisers will pay pennies on the dollar for each visit to the site.

Advertisers are expected to include Isuzu and the Mining Company as well as other idealab companies.

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